

REMARKS

Attorney for Applicant has carefully reviewed the outstanding Office Action on the above-identified application. Applicant has amended the application, as set forth herein, and respectfully submits that the application, as amended, is in condition for allowance.

Each of the independent claims (i.e., Claims 1, 15, 29, 43) were amended to further define the present invention and to overcome the rejections raised in the Office Action in view of U.S. Patent No. 6,029,149 to Dykstra, et al. and U.S. Patent No. 6,249,775 to Freeman, et al. Specifically, independent Claim 1 was amended to recite **“means for assigning a risk category to the loan based on the risk score; and means for displaying the risk score and the risk category to a user.”** Similar amendments were made to independent Claims 15, 29, and 43. Dependent Claims 11, 25, 39, and 53 were cancelled. For the reasons set forth below, Applicant respectfully submits that the pending claims are in condition for allowance.

Applicant's claimed invention relates to an automated loan risk assessment system and method. The invention calculates a risk score for a loan based upon a plurality of risk factors including a fraud risk factor, an underwriting risk factor, a property valuation risk factor, and a credit risk factor. The risk score is a numeric score (e.g., a numeric score ranging from 0 to 1000, wherein 1000 represents a low risk score and 0 represents a high risk score) that can be used by a loan service provider in deciding whether to fund or insure the loan. The risk score is utilized to assign a risk category to the loan (e.g., “Pass,” “High,” or “Investigate”). The risk score and the risk category are displayed to the user (e.g., on a computer screen), so that the user

can make decisions about whether to close the loan based on both the risk score and the risk category.

Dykstra, et al. relates to a lender direct credit evaluation and loan processing system. The invention allows loan application information to be entered at a remote terminal and processed at a central processing unit. A credit bureau is accessed by the central processing unit, and the applicant's credit score is retrieved. Based on the credit score, the loan is either approved or declined. The application process requires no human intervention except for entering information about the loan.

Freeman, et al. discloses a method for mortgage and closed end loan portfolio management. The invention provides an analytic tools that improves the analysis of past and future performance of loan portfolios. The invention aggregates loan units into loan "vintages," wherein the loans in each vintage originate within a predetermined time interval of one another. The vintages are then compared to one another such that the ages of the loans in different vintages are comparable to one another. The invention predicts delinquency rates expected for a portfolio of loans during a forward-looking time window. Default rates of the loan portfolios are predicted at a predetermined point in time. The results of analysis are graphically depicted to the user, to provide "yes" and "no" decisions regarding investments in various loan portfolios.

Neither Dykstra, et al. nor Freeman, taken alone or in combination, teach or suggest each element of applicant's claimed invention, as set forth in amended independent Claims 1, 15, 29, and 43 and their associated dependent claims. First, Dykstra, et al. does not teach or suggest

calculating a risk score based upon at least two of a fraud risk factor, a property valuation risk factor, an underwriting risk factor, and a credit risk factor, and displaying a total risk score to a user, as required by the claims. The Office Action points to the Abstract, column 3, lines 32-67, and columns 4-7, lines 1-67 as disclosing “means for [sic] the loan based on a plurality of risk factors including at least two of a fraud risk factor, an underwriting risk factor and a property valuation risk factor....” However, the Office Action states on Page 2 of the Office Action that Dykstra, et al. fails to “explicitly teach calculating a risk score for the loan.” Regardless of this contradiction, it is clear that the concepts of calculating risk scores based on at least two of a fraud risk factor, an underwriting risk factor, and a property valuation risk factor are entirely missing from Dykstra, as the words “fraud,” “underwriting,” and “property” do not exist in Dykstra, and no similar concepts are disclosed. As such, Dykstra, et al. necessarily fails to teach or suggest **calculating a risk score based upon at least two of a fraud risk factor, a property valuation risk factor, an underwriting risk factor, and a credit risk factor**, as well as **displaying a total risk score to a user**, as required by amended Claims 1, 15, 29, and 43.

Second, Dykstra, et al. fails to teach or suggest **assigning a risk category to the total risk score** (e.g., Pass, High, or Investigate), nor does it teach or suggest **displaying a risk category** to the user in addition to displaying the total risk score, as required by amended Claims 1, 15, 29, and 43. While the system of Dykstra, et al. allows an entity to view the status of a loan application using a visual display on a remote access terminal (see, e.g., terminals 26 in FIG. 1), there is absolutely no disclosure in Dykstra, et al. which establishes that the terminals display total risk scores and risk categories for loans, as required by amended Claims 1, 15, 29, and 43.

Freeman, et al. fails to cure the deficiencies of Dykstra, et al. First, Freeman, et al. is entirely absent of any disclosure relating to **calculating a risk score based upon at least two of a fraud risk factor, a property valuation risk factor, an underwriting risk factor, and a credit risk factor**, as required by Claims 1, 15, 29, and 43. Freeman, et al. is entirely absent of any disclosure relating to fraud risk factors, property valuation risk factors, and underwriting risk factors, and the Office Action points to no section of Freeman, et al. in support of its contention that Freeman, et al. discloses such features. Indeed, the quoted portions of Freeman, et al. (i.e., column 13, lines 65-67; column 14, lines 1-67; and column 20, lines 1-15) make absolutely no mention of calculating scores based on at least two of a fraud risk factor, a property valuation risk factor, and a credit risk factor.

Second, Freeman, et al. provides no capability for **displaying a total risk score** to a user, as required by amended Claims 1, 15, 29, and 43. At best, Freeman, et al. predicts default rates for a loan and graphically displays same (see FIG. 5). However, the default rates are not total risk scores for a loan (e.g., numeric risk scores, such as 0 through 1000), as required by Claims 1, 15, 29, and 43.

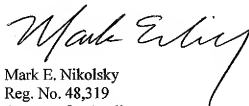
Third, Freeman, et al. fails to teach or suggest **assigning a risk category to the total risk score** (e.g., Pass, High, or Investigate), nor does it teach or suggest **displaying a risk category** to the user along with the total risk score, as required by amended Claims 1, 15, 29, and 43. Rather, the invention of Freeman, et al. only displays predicted loan delinquency rates. There is no disclosure anywhere in Freeman, et al. of displaying total risk scores and risk categories for a loan, which are based on the total risk scores.

In view of the foregoing, Applicant respectfully submits that neither Dykstra, et al. nor Freeman, et al., taken alone or in any combination, teach or suggest each element of amended independent Claims 1, 15, 29, 43 and their associated dependent claims.

All issues raised in the Office Action are believed to have been addressed. Claims 1, 15, 29, and 43 were amended, Claims 11, 25, 39, and 53 were cancelled, and Claims 1-10, 12-24, 26-38, 40-52, and 54-56 are pending and are in condition for allowance. Re-examination is requested and favorable action solicited.

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Respectfully submitted,



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